

Talking Points of Wallace A. Eddleman
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- Last year, the Comptroller's Office received more than 1.3 million tax returns prepared by paid tax preparers.
- It's safe to bet that the majority of those who use paid tax preparers believed that they were using qualified, certified and registered professionals.
- Unfortunately, they would be mistaken.
- While Maryland tax attorneys, CPA's and enrolled agents who prepare tax returns are licensed, there are many people advertising themselves as tax preparers who are not.
- In the past, anyone could call themselves a tax preparer – whether they were qualified or not.
- And in many cases, these people are definitely not qualified.
- The Comptroller's Office sees firsthand the problems that result from returns prepared by individuals who are, at best, uneducated in the tax area, and, at worst, intentionally deceiving people.
- In many instances, these people promise large refunds and fraudulently complete a taxpayer's return – all while charging exorbitant fees for these shady and unregulated services.
- The result is thousands of taxpayers being hit with high fees and faulty returns being left alone to navigate the confusing and intimidating landscape of tax law.
- They are sold financial products, such as Refund Anticipation Loans, based on their falsely inflated refunds – and are stuck further in debt and forced to pay exorbitant interest rates and fees.
- This type of predatory behavior is of great concern to the Comptroller, and he believes the Maryland Tax Preparers Act is a big step in the right direction.
- This pro-consumer measure helps protect taxpayers against unscrupulous tax preparers.
- It gives the state a method of tracking problem preparers.

- And most importantly, it protects taxpayers from fraudulent and misleading marketing schemes that target the most vulnerable taxpayers in Maryland.
- The eight-person regulatory board created by the law provides a mechanism for ensuring that individuals holding themselves out as tax preparers have the requisite knowledge to prepare a basic tax return.
- The law mandates all professional preparers must be licensed by 2010.
- Preparers with less than 15 years experience must pass an examination with “no less stringent standards” than the special enrollment agents’ exam.
- The license is renewed every two years subject to 16 hours of continuing education.
- This law also increases the accountability of tax preparers, because it requires them to sign each return they prepare – holding them responsible for their work.
- Tax preparers are now subject to criminal and civil penalties including up to a \$5,000 per violation.
- Additionally, taxpayers can bring civil action against fraudulent preparers themselves under this law.
- Marylanders deserve the highest quality tax preparation services possible and they deserve to be protected from fraudulent preparers who seek only to enrich themselves at the expense of working families and from individuals who hold themselves out as preparers, but lack the skills necessary to prepare a complete and accurate return.
- This law makes it clear that Maryland will no longer allow this kind of deceitful business practice.
- The Comptroller supports any federal legislation or mandates that protect the consumer through licensing and oversight.
- In fact, one of his senior staff is currently assisting with the formulation of Maryland’s tax preparer’s oversight board.
- The board hopes to be up and running by 2010.
- I’ll take any questions now...

